



WISCONSIN

DEPARTMENT OF WORKFORCE DEVELOPMENT

Division of Economic Support
Bureau of Welfare Initiatives

**TO: Economic Support Supervisors
Economic Support Lead Workers
Training Staff
FSET Administrative and Provider Agencies
Child Care Coordinators
W-2 Agencies**

BWI OPERATIONS MEMO

No.: 99-35

File: 2830

Date: 05/19/99

Non W-2 ☒ W-2 ☐ CC ☐

PRIORITY: Medium

**FROM: Stephen M. Dow
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Policy Analysis and Program Implementation Section**

SUBJECT: FOOD STAMP POLICY RE 401K AND 403B PLANS

CROSS REFERENCE: Food Stamp Handbook, Appendix 11.4.6
Medical Assistance Handbook, Appendix 11.6.21

EFFECTIVE DATE: Immediately

PURPOSE

We have received several inquiries regarding 401k plans, which are neither traditional retirement plans nor a Keogh or IRA plan. This memo provides clarification of Food Stamp (FS) policy on the treatment of retirement plans, including 401k and 403b plans, as an asset. Deferred compensation retirement plans, designated 403b plans, are similar to 401k plans, but are for government or non-profit employees.

BACKGROUND

Current FS policy directs workers to disregard retirement funds as an asset, with the exception of Keogh plans that involve no contractual relationship with persons who are not in the food stamp group, and Individual Retirement Accounts (IRAs). The balance of an IRA account or the above-defined Keogh plan, after deducting any penalty for early withdrawal, is to be counted as an asset.

POLICY CHANGE OR CLARIFICATION

All retirement plans, including 401k or 403b plans are to be disregarded as an asset. The accessibility of the funds held by the retirement plan, the source of the retirement plan, and whether the person covered by the plan is employed, are all irrelevant to the determination to disregard the retirement plan as an asset.

The rules for IRA accounts and Keogh plans remain the same.

CARES

Under Medicaid policy, 401k and 403b plans are countable assets (**MA Handbook** 11.6.21). However, if the plan information is entered on AALA under the code for Keogh plans ("KE " off of table TLQA) CARES will not count the 401k or 403b plans as assets for the FS budget, but will count it for other (Medicaid, W-2) budgets. Document in case comments and the case file the correct designation of the retirement account.